

MICHIGAN ECONOMIC INDICATORS

A monthly newsletter on key economic indicators prepared by the Senate Fiscal Agency.

ECONOMIC HIGHLIGHTS



United States

- The final estimate for **inflation-adjusted Gross Domestic Product** showed growth of 1.3% in the second quarter of 2002, compared with 5.0% growth during the first quarter. The slowdown in growth during the second quarter was attributable to slower consumer spending and inventory accumulation, a sharp increase in imports, and lower State and local government spending. Despite growing at a slower rate, inventory investment still contributed significantly to growth in the second quarter, adding 1.2 percentage points to the growth rate and preventing the second quarter from showing virtually zero economic growth.
- **Housing starts** fell 2.2% between July and August but were still 3.0% above the year-ago level. Significant declines in the construction of single-family units in the Midwest were partially offset by increases in the Northeast and gains in multifamily housing starts in the South and West.
- The **unemployment rate** decreased from 5.9% to 5.7% between July and August but was above the 4.9% rate in August 2001. Employment increased by 429,000 jobs between July and August, but was only 66,000 jobs higher than one year ago. Despite a 203,000-person decline in the ranks of the unemployed, unemployment in August 2002 was more than 1.2 million persons above the August 2001 level.
- **Motor vehicle sales** remained strong in August, up 3.0% from July and 13.9% above the year-ago level. Sales of imported automobiles fell 4.8% between July and August, while sales of imported light trucks declined 9.3%. However, the decline in sales of imports was more than offset by increased sales of domestically produced vehicles. Compared with July, sales of domestic automobiles were up 0.5% while domestic truck sales were 6.4% higher. Compared with one year ago, total automobile sales were 9.5% higher, light truck sales were 18.7% higher, and heavy truck sales were up 2.8%. Domestic automobile sales were 11.1% above the August 2001 level, while domestic light truck sales were up 19.9%.



Michigan

- **Michigan's unemployment rate** fell from 6.6% in July to 6.2% in August, even though employment fell by another 6,000 jobs. The unemployment rate dropped because 29,000 people left the labor force between July and August. Compared with one year ago, Michigan employment in July was down 54,000 jobs and 38,000 more people were unemployed.
- Michigan **wage and salary employment** fell by 10,000 jobs in August and was 41,000 jobs lower than in August 2001. The declines in wage and salary employment in August were concentrated in the durable goods manufacturing and services sectors. Compared with the year-ago level, most of the job losses occurred in the durable goods manufacturing, retail trade and services sectors.
- **Tax revenue** from Michigan's 12 major taxes totaled \$1,472.9 million in August and was 3.6% below revenues in August 2001. Including August's receipts, fiscal year-to-date revenues were 2.9% below last year's total. Virtually all of the decline in August revenue was attributable to lower Single Business Tax receipts.

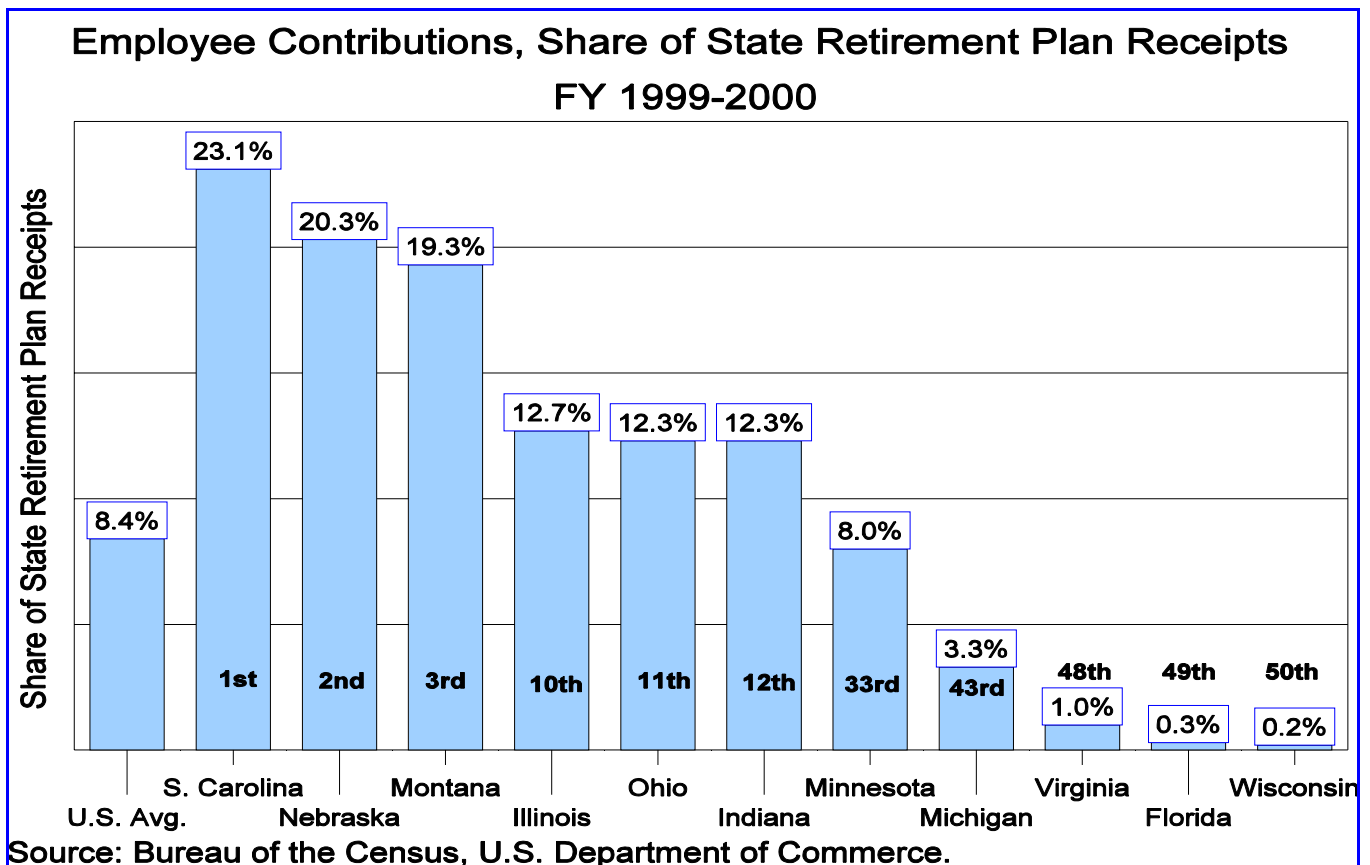


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U.S. & MICHIGAN LABOR MARKET NEWS (Seasonally Adjusted, Thousands)							
U.S.	Aug. 2002	July 2002	Aug. 2001	Change From July Number Percent		Change From Year Ago Number Percent	
Labor Force	142,616	142,390	141,380	226	0.2%	1,236	0.9%
Employment	134,474	134,045	134,408	429	0.3	66	0.0
Unemployment	8,142	8,345	6,972	(203)	(2.4)	1,170	16.8
Unemployment Rate	5.7%	5.9%	4.9%	---	---	---	---
Michigan	Aug. 2002	July 2002	Aug. 2001	Change From July Number Percent		Change From Year Ago Number Percent	
Labor Force	5,152	5,181	5,168	(29)	(0.6)%	(16)	(0.3)%
Employment	4,831	4,838	4,885	(6)	(0.1)	(54)	(1.1)
Unemployment	321	343	283	(22)	(6.5)	38	13.5
Unemployment Rate	6.2%	6.6%	5.5%	---	---	---	---

Source: Bureau of Labor Statistics, U.S. Department of Labor



MICHIGAN WAGE AND SALARY EMPLOYMENT (Seasonally Adjusted, Thousands)							
	Aug. 2002*	July 2002	Aug. 2001	Change from July		Change from Yr Ago	
				Number	Percent	Number	Percent
Wage and Salary Employment	4,535	4,545	4,576	(10)	(0)%	(41)	(1)%
Goods-Producing Industries	1,108	1,113	1,127	(5)	(0)	(19)	(2)
Mining	8	8	8	0	0	0	0
Construction	199	199	200	0	0	(1)	(1)
Manufacturing	901	907	920	(6)	(1)	(19)	(2)
Durable Goods	680	684	700	(4)	(1)	(20)	(3)
Motor Vehicles & Equipment	259	262	257	(3)	(1)	2	1
Nondurable Goods	221	222	220	(1)	(0)	1	0
Service-Producing Industries	3,428	3,432	3,449	(4)	(0)	(21)	(1)
Trans., Comm. & Utilities	180	180	181	0	0	(1)	(1)
Wholesale Trade	217	216	219	1	0	(2)	(1)
Retail Trade	836	837	852	(1)	(0)	(16)	(2)
Finance, Insurance & Real Estate	211	211	210	0	0	1	0
Services	1,290	1,298	1,299	(8)	(1)	(9)	(1)
Government	695	691	688	4	1	7	1

Source: Michigan Department of Career Development - Employment Service Agency * Preliminary

MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS (Not Adjusted For Seasonal Variations)						
Industry	Average Weekly Hours			Average Weekly Earnings		
	Aug. 2002	Year Ago	Percent Change	Aug. 2002	Year Ago	Percent Change
Mining	46.3	46.8	(1.1)%	\$800.06	\$794.66	0.7%
Construction	39.8	39.5	0.8	882.76	868.21	1.7
Manufacturing	41.7	42.2	(1.2)	832.75	836.83	(0.5)
Durable Goods	42.1	42.6	(1.2)	897.15	901.42	(0.5)
Motor Vehicles & Equipment	44.0	45.1	(2.4)	1,219.24	1,201.01	1.5
Nondurable Goods	40.1	40.8	(1.7)	618.74	621.38	(0.4)
Wholesale Trade	38.4	38.2	0.5	643.97	640.23	0.6
Selected Retail Trade:						
General Merchandise Stores	29.1	28.3	2.8	297.40	296.58	0.3
Department Stores	28.6	27.7	3.2	291.72	290.02	0.6
Food Stores	26.9	28.0	(3.9)	244.52	256.76	(4.8)
Auto Dealers & Service Stations	34.7	34.9	(0.6)	466.02	439.39	6.1
Selected Services:						
Depository Institutions	35.4	35.5	(0.3)	411.35	411.45	(0.0)
Business Services	34.1	34.2	(0.3)	545.26	535.23	1.9
Health Services	32.1	31.4	2.2	537.35	504.60	6.5
Engineering & Management	38.1	38.4	(0.8)	782.57	748.42	4.6

Source: U.S. Department of Labor, Bureau of Labor Statistics

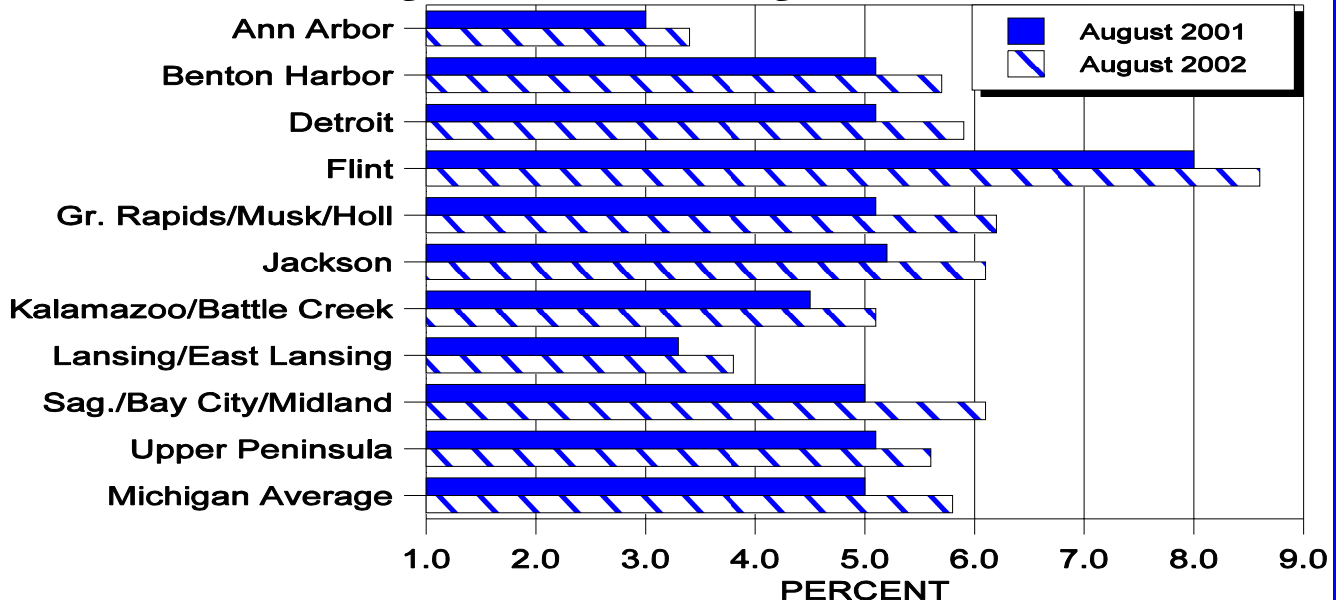
**MICHIGAN UNEMPLOYMENT RATES
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS
(Not Adjusted for Seasonal Variations)**

	Aug. 2002	July 2002	June 2002	Aug. 2001
Metropolitan Statistical Areas				
Ann Arbor	3.4%	4.6%	4.2%	3.0%
Benton Harbor	5.7	7.0	6.8	5.1
Detroit	5.9	7.5	6.8	5.1
Flint	8.6	10.7	9.4	8.0
Grand Rapids	6.2	7.5	7.1	5.1
Jackson	6.1	7.5	6.9	5.2
Kalamazoo-Battle Creek	5.1	6.2	5.5	4.5
Lansing-East Lansing	3.8	4.7	4.5	3.3
Saginaw-Bay City-Midland	6.1	7.3	7.1	5.0
Multi-County Areas				
Northeast Lower Michigan	6.8	8.3	8.2	6.0
Northwest Lower Michigan	5.3	6.3	6.7	4.9
Upper Peninsula	5.6	6.3	7.5	5.1
Michigan Statewide Average				
--Unadjusted (comparable to figures shown above)	5.8	7.2	6.7	5.0

Source: Michigan Department of Career Development - Employment Service Agency

* Preliminary

**Michigan Regional Unemployment Rates
August 2001 and August 2002**



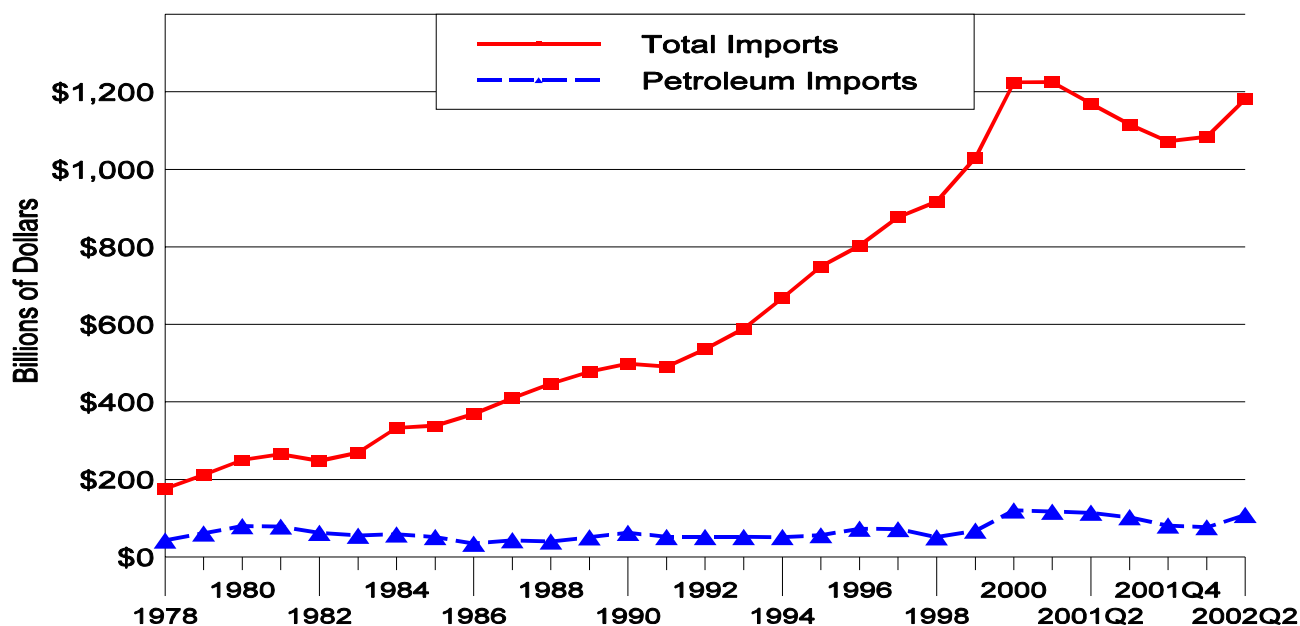
Source: Michigan Department of Career Development - Employment Service Agency

MOTOR VEHICLE SALES AND PRODUCTION STATISTICS (Thousands of Units)

	Percent Change From:						
	Aug. 2002	July 2002	June 2002	May 2002	Year Ago Aug.	Aug. 2002/ Aug./July	Aug. 2002/ Aug. 2001
Motor Vehicle Sales^{1,2)}							
Autos	8,725	8,803	7,969	7,779	7,970	(0.9)%	9.5%
Domestics	6,552	6,521	5,742	5,651	5,896	0.5	11.1
Imports	2,173	2,282	2,227	2,128	2,074	(4.8)	4.8
Import Share	24.9%	25.9%	27.9%	27.4%	26.0%	---	---
Light Trucks	9,858	9,261	8,308	7,791	8,305	6.4	18.7
Domestics	8,813	8,109	7,218	6,835	7,348	8.7	19.9
Imports	1,045	1,152	1,090	956	957	(9.3)	9.2
Import Share	10.6%	12.4%	13.1%	12.3%	11.5%	---	---
Heavy Trucks	440	399	375	409	428	10.3	2.8
Total	19,023	18,463	16,652	15,979	16,703	3.0	13.9
U.S. Motor Vehicle Production^{1,2)}							
Autos	5,290	5,711	5,128	5,062	4,919	(7.4)	7.5
Michigan Motor Vehicle Production^{2,3)}							
Autos	1,704	2,838	1,658	1,929	1,631	(40.0)	4.5
Trucks	1,187	1,601	1,118	1,089	1,040	(25.8)	14.2
Total	2,892	4,439	2,776	3,017	2,672	(34.9)	8.2
Michigan Production as % of U.S.	23.5%	24.9%	23.9%	23.8%	21.7%	---	---
U.S. Motor Vehicle Inventories⁴⁾							
Total Car	1,411	1,442	1,606	1,579	1,380	(2.1)	2.3
Days Supply	47	48	51	53	50	(2.1)	(6.0)
Total Truck	1,559	1,563	1,818	1,778	1,724	(0.3)	(9.6)
Days Supply	51	51	60	63	66	0.0	(22.7)

Sources: 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) SAAR = Seasonally Adjusted at Annual Rates.
3) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 4) Automotive News, Crain Communications, Inc. (ending inventory)

Petroleum Imports Declining as a Share of Total Imports



Source: Bureau of Economic Analysis, U.S. Department of Commerce

OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Change From:	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
Weekly Leading Index , monthly ¹⁾ (1992 = 100)	August	120.0	121.0	118.5	(0.8)%	1.3%
Coincident Index ¹⁾ (1992 = 100)	August	136.1	135.9	134.8	0.1	1.0
Housing Starts, U.S. ²⁾ (thousands of units, SAAR)	August	1,609	1,645	1,562	(2.2)	3.0
Retail Sales, U.S. ²⁾ (billions, seasonally adjusted)	August	\$278.2	\$275.9	\$263.9	0.8	5.4
Industrial Production Index ³⁾ (1992 = 100) (seasonally adjusted)	August	140.5	140.7	140.0	(0.1)	0.4
Capacity Utilization ³⁾ (% of total capacity, seasonally adjusted)	August	76.0	76.2	76.4	(0.3)	(0.6)
Consumer Price Index ⁴⁾ (1982-84 = 100)						
U.S. (seasonally adjusted)	August	180.5	179.9	177.4	4.1	1.7
Detroit (not seasonally adjusted)	August	180.9	179.0	175.1	6.5	3.3
Interest Rates						
3-month Treasury Bill ³⁾	August	1.63%	1.68%	3.39%	---	---
Corporate Aaa Bonds ³⁾	August	6.37%	6.53%	7.02%	---	---
Real Gross Domestic Product ⁵⁾ (billions of 1996 \$, SAAR, chain-weighted)	2002 2nd Qtr.	\$9,389.6	\$9,363.2	\$9,193.1	1.1	2.1
Michigan Tax Collections ⁶⁾ (12 major taxes, millions)	Aug. 2002	\$1,472.9	\$1,733.9	\$1,528.5	NM	(3.6)

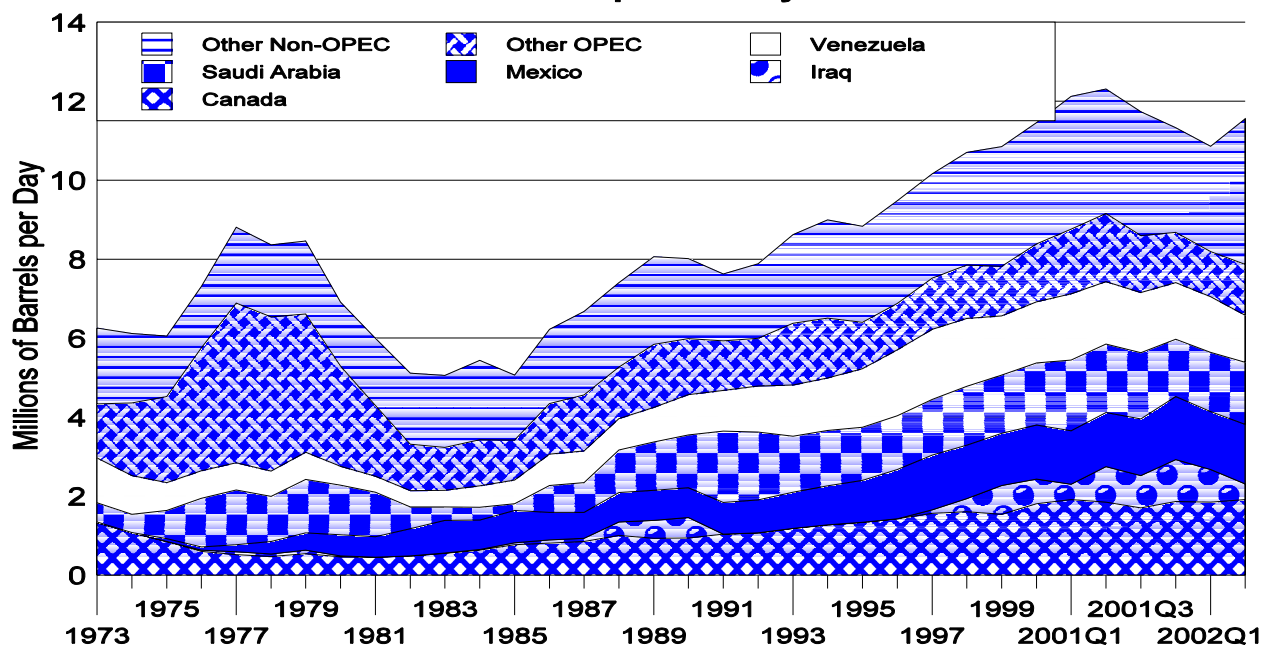
SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

Note: Percent changes from previous period for CPI and GDP at annual rate.

Sources: 1) Economic Cycle Research Institute 2) U.S. Department of Commerce, Bureau of the Census 3) Board of Governors of the Federal Reserve System 4) U.S. Department of Labor, Bureau of Labor Statistics 5) U.S. Department of Commerce, Bureau of Economic Analysis 6) Michigan Department of Treasury and the Senate Fiscal Agency.

Petroleum Imports By Source



Source: Energy Information Administration, U.S. Department of Energy